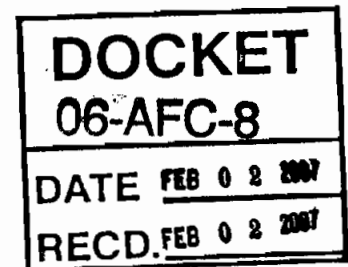


Memorandum

Date : February 2, 2007
Telephone: (916) 651-8891

To: John L. Geesman, Commissioner and Presiding Member
Jeffrey D. Byron, Commissioner and Associate Member

From: California Energy Commission - Mary Dyas
1516 Ninth Street Energy Facilities Siting Project Manager
Sacramento, CA 95814-5512



Subject: **BULLARD ENERGY CENTER (06-AFC-8) - ISSUE IDENTIFICATION REPORT**

Attached is staff's Issue Identification Report for the Bullard Energy Center. This report serves as a preliminary scoping document that identifies the potential environmental, health, safety, and engineering issue areas which the Energy Commission staff believes will require careful attention and consideration during the Commission's review of the proposed project. We will discuss the report at the Committee's Informational Hearing and Site Visit scheduled for February 7, 2007.

This report also provides a proposed schedule for the review of the Bullard Energy Center pursuant to a 12-month Application for Certification review.

Attachment

cc: Docket (06-AFC-8)
Proof of Service List

PROOF OF SERVICE (REVISED 1-31-07) FILED WITH
ORIGINAL MAILED FROM SACRAMENTO ON 2-2-07 (E-MAIL)

**ISSUE IDENTIFICATION REPORT
BULLARD ENERGY CENTER
(06-AFC-8)**

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BULLARD ENERGY CENTER

(06-AFC-8)

February 2, 2007

ISSUE IDENTIFICATION REPORT

CALIFORNIA ENERGY COMMISSION

Energy Facilities Siting Division

PURPOSE OF THE REPORT

This report has been prepared by the California Energy Commission staff to inform the Committee and all interested parties of the potential issue that has been identified in the case thus far. Issues are identified as a result of discussions with federal, state, and local agencies and our review of the Bullard Energy Center (BEC) Application for Certification (AFC), Docket Number 06-AFC-8. This Issue Identification Report contains a project description, summary of the potential major issue, and a discussion of the proposed project schedule. Staff will address the status of the potential issue and progress towards its resolution in periodic status reports to the Committee.

PROJECT DESCRIPTION

On November 6, 2006, Bullard Energy Center, LLC, submitted an AFC to construct and operate a simple-cycle power plant, in the City of Fresno. On January 2, 2007, the applicant submitted supplemental information to the AFC to address Energy Commission information requirements. On January 3, 2007, the Energy Commission accepted the AFC as data adequate, in that the staff had sufficient information for beginning its analysis.

The proposed BEC project would be a simple-cycle electrical generating facility. The BEC project will have a nominal electrical output of 200 megawatts (MW) with construction planned to start in 2008 and full-scale commercial operation planned by summer 2009. The project is proposed as a 12-month AFC. The applicant has a 20-year contract with Pacific Gas & Electric (PG&E) as a result of the 2004 PG&E Request for Offers for new generation resources. The BEC is designed as a peaking facility to meet electric generation load during periods of high demand, which generally occur during daytime hours, and more frequently during the summer than other portions of the year. The project is expected to have an annual capacity factor of no higher than 57 percent, depending on weather and customer demand, load growth, hydroelectric supplies, generation retirements and replacements, the level of generating unit and transmission outages, and other factors.

The generating facility will include two General Electric (GE) LMS100 natural gas-fired combustion turbine generators (CTGs), inlet air filters with evaporative coolers, turbine compressor section inter-cooler, air pollution control equipment, mechanical draft cooling tower, circulating water pumps, water treatment equipment, natural gas compressors, generator step-up and auxiliary transformers, a water storage tank, and an aqueous ammonia storage tank.

The proposed BEC plant site, a 12.3-acre parcel is located at 5829 North Golden State Boulevard, in the City of Fresno. This parcel is zoned M-1 (light industrial use) and is located in an industrial area. A truck depot and construction equipment fabrication and storage yard are currently located on this site. The plant site will be leased and/or purchased at the option of BEC. There will also be a temporary construction laydown and parking site on a 9.2-acre parcel located immediately to the north of the plant site.

A new 230 kV looping transmission substation will be constructed on-site, tying into the east side of the existing PG&E Herndon-Kearney 230 kV line, which runs across the southwest

corner of the site. This new substation will be on approximately 3.0 acres located on the southwest portion of the 12.3-acre site between the Herndon substation to the north, and the Kearney substation to the south. Approximately two miles of the existing 230 kV transmission line will require re-conductoring (i.e., replacing existing wires, and occasionally strengthening transmission line towers).

The project will connect to a PG&E natural gas pipeline approximately 1.8 miles west of the site. The primary pipeline route will convey gas via a new pipeline up to 12 inches in diameter along West Bullard Avenue to North Golden State Boulevard, and then south to the site. An alternate route involves the same PG&E gas connection location, running north along North Garfield Avenue to Herndon Avenue, then south along North Golden State Boulevard and North Weber Street to the site.

Turbine cooling water will be supplied via a connection to a City of Fresno water main located near the southeast corner of the site along North Golden State Boulevard. The water main will be extended approximately 300 feet to the northeast corner of the site. In some areas of the City of Fresno, groundwater supplies are contaminated with nitrates. In collaboration with the City of Fresno, the applicant has proposed funding of a City program for treatment of nitrate-contaminated groundwater to produce new potable water, replenishing the local potable water supply. This is intended to offset the requested use of potable water for the BEC project and to provide consistency with the State Water Policy.

Wastewater from the site will be conveyed via an approximate 14-inch diameter, 1,500-foot sewer line proceeding northwest along North Golden State Boulevard, tying into the existing 54-inch City of Fresno trunk line, just north of the intersection of North Golden State Boulevard and West Bullard Avenue.

Air emissions from the proposed facility would be controlled using best available control technology applied to each engine's exhaust. Each of the two GE LMS100 natural gas-fired CTGs will be equipped with water injection to the combustors for reducing emissions of oxides of nitrogen (NO_x), a selective catalytic reduction system with 19 percent ammonia injection to further reduce NO_x emissions and an oxidation catalyst to reduce carbon monoxide emissions. Final permitting by the Energy Commission would reflect conformance with rules and regulations of the San Joaquin Valley Air Pollution Control District and include the issuance of a Preliminary Determination of Compliance (PDOC) and a Final DOC from the District.

POTENTIAL MAJOR ISSUES

This portion of the report contains a discussion of the potential major issue the Energy Commission staff has identified to date. This report may not include all the major issues that may arise during the case, and other parties have not had an opportunity to identify their concerns. The identification of the major issues contained in this report is based on Energy Commission staff's judgment of whether any of the following circumstances will occur:

1. Significant impacts may result from the project that may be difficult to mitigate;
2. The project as proposed may not comply with applicable laws, ordinances, regulations or standards (LORS);
3. Conflicts may arise between the parties about the appropriate findings or conditions of certification for the Commission decision that could result in a delay in the schedule.

The table below lists all the subject areas evaluated and notes those areas where major issues have been identified and if data requests are needed. Commission staff initiated the information gathering Discovery phase, by filing Data Requests on January 30, 2007 which identify technical areas requiring additional information from the applicant. Although an area is identified as having no major issues, it does not mean that an issue will not arise related to the subject area. For example, disagreements regarding the appropriate conditions of certification may arise between staff and applicant that will require discussion at workshops or even subsequent hearings.

Subject Area	Major Issue(s)	Data Requests
Air Quality	No	Yes
Alternatives	No	Yes
Biological Resources	No	Yes
Cultural Resources	No	Yes
Facility Design	No	No
Geology and Paleontology	No	No
Hazardous Materials Handling	No	Yes
Land Use	Yes	Yes
Noise and Vibration	No	No
Public Health	No	No
Power Plant Efficiency	No	No
Power Plant Reliability	No	No
Socioeconomics	No	No
Soil and Water Resources	No	Yes
Traffic and Transportation	No	Yes
Transmission Line Safety and Nuisance	No	No
Transmission System Engineering	No	No
Visual Resources	No	Yes
Waste Management	No	No
Worker Safety and Fire Protection	No	No

TECHNICAL ISSUES

Staff has begun its analyses of the proposed project and is currently in the discovery phase of our review process. Staff is assessing the environmental and engineering aspects of the applicant's proposal. A potential issue has been identified in the technical area of Land Use.

Land Use

Staff has identified one potential land use technical issue:

1. Consistency with Laws, Ordinances, Regulations, and Standards.

Consistency with Laws, Ordinances, Regulations, and Standards

The Bullard Energy Center project is proposed to be located in a M-1 (Light Manufacturing) zone district. The project owner intends to submit a Director Classification Conditional Use Permit (CUP) under Section 12-408 of the City of Fresno 2025 General Plan. Section 12-408 allows the Planning Director to "deem a use similar and no more obnoxious than a permitted use" and may classify the use as a permitted use or permitted under a CUP.

The City of Fresno (City) has reviewed the project materials describing the project and determined that the project would not be consistent with the M-1 zone per the Fresno Zoning Ordinance and the policies of the Fresno 2025 General Plan. The City has determined that the project is not an approved use either by right or by conditional use permit (CUP), including under the Section 12-408 Director Classification. The City has additionally found that if the project were to submit a Director Classification CUP that per Section 12-304-B, which describes the uses permitted subject to a CUP, and Sections 12-405 and 12-406, which describe the process by which a CUP is approved, that the project would not be approved.

The City, furthermore, recognizes that under the Public Resources Code Section 25525, that if the City does not find the project to be consistent with the General Plan and Zoning Ordinance that the site will not be approved unless the City amends its ordinances, plans, or standards or the CEC makes an overriding finding of public necessity.

Commission staff will work with the City to further understand and resolve this issue. If a General Plan amendment and site rezoning is required, this may cause a significant delay in the project schedule.

SCHEDULING ISSUES

Following is staff's proposed 12-month schedule for key events of the project. Meeting the proposed schedule will depend on: the applicant's timely response to staff's Data Requests; the timing of the Air District's filing of the Determination of Compliance; the need for a General Plan amendment and rezoning of the site; determinations by other local, state and federal agencies; and other factors not yet known.

The San Joaquin Valley Air Pollution Control District (SJVAPCD) will be required to provide a Preliminary Determination of Compliance (PDOC) and a Final Determination of

Compliance (FDOC). Prior to the publication of the Preliminary Staff Assessment (PSA) staff normally requires a PDOC from the air district and the FDOC before staff publishes the Final Staff Assessment. The PDOC is not expected to be complete until the end of April 2007, which could delay the scheduled filing of the PSA by several weeks.

STAFF'S PROPOSED SCHEDULE

Staff's Proposed Schedule for the Bullard Energy Center Project (06-AFC-8)

	Activity	Day	Calendar Day
1	Applicant filed Application for Certification (AFC)	-	6-Nov-06
2	Executive Director's recommendation on data adequacy	-	21-Dec-06
3	Decision on data adequacy at business meeting	0	3-Jan-07
4	Staff files data requests (round1)	37	30-Jan-07
5	Staff files Issue Identification Report	51	2-Feb-07
6	Information hearing, site visit	82	7-Feb-07
7	Staff files data requests, (round 2, if necessary)	65	21-Feb-07
8	Applicant provides data request responses (round 1)	68	1-Mar-07
9	Data response and issue resolution workshop	82	14-Mar-07
10	Applicant provides data responses (round 2, if necessary)	96	21-Mar-07
11	Data response and issue resolution workshop (round 2, if necessary)	110	4-Apr-07
12	Local, state, and federal agency draft determinations (e.g., Preliminary Determination of Compliance from San Joaquin Valley Air Pollution Control District (Air District))	120	30-Apr-07
13	Preliminary Staff Assessment (PSA) filed	150	2-Jun-07
14	PSA workshop(s)	170-180	19-Jun-07
15	Local, state, and federal agency final determinations (e.g., Final Determination of Compliance from Air District)	180	July 2007
16	Final Staff Assessment filed	210	1-Aug-07
17	Prehearing Conference	215	TBD*
18	Evidentiary hearings	220-240	TBD*
19	Presiding Member's Proposed Decision (PMPD)	305	TBD*
20	Committee Conference on PMPD	335	TBD*
21	Energy Commission Hearing--Final Decision	365	TBD*

* Items 17 through 21 are scheduled by the Committee assigned to BEC

**BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION OF THE
STATE OF CALIFORNIA**

**APPLICATION FOR CERTIFICATION
FOR THE *BULLARD ENERGY
CENTER (BEC)***

**Docket No. 06-AFC-8
PROOF OF SERVICE**

INSTRUCTIONS: All parties shall either (1) send an original signed document plus 12 copies or (2) mail one original signed copy AND e-mail the document to the address for the Docket as shown below, AND (3) all parties shall also send a printed or electronic copy of the document, which includes a proof of service declaration to each of the individuals on the proof of service list shown below:

CALIFORNIA ENERGY COMMISSION
Attn: Docket No. 06-AFC-8
1516 Ninth Street, MS-4
Sacramento, CA 95814-5512
[**docket@energy.state.ca.us**](mailto:docket@energy.state.ca.us)

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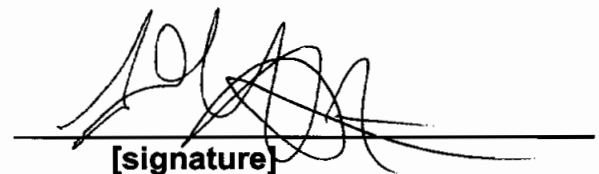
DECLARATION OF SERVICE

I, Geoff Carter, declare that on February 2, 2007, I deposited copies of the attached Bullard Energy Center Issue Identification Report, in the United States mail at Sacramento, California with first-class postage thereon fully prepaid and addressed to those identified on the Proof of Service list above.

OR

Transmission via electronic mail was consistent with the requirements of California Code of Regulations, title 20, sections 1209, 1209.5, and 1210. All electronic copies were sent to all those identified on the Proof of Service list above.

I declare under penalty of perjury that the foregoing is true and correct.


[signature]